



Operation RIO Update

14 November 2003

The Corps flag flies over TF RIO Southern Area Office. See story below.
Army Corps of Engineers Photo.

An update for all SWD employees and Operation RIO volunteers supporting Operation Iraqi Freedom.

Mission Update: Post-war crude production remains strong with production over 2 million barrels per day for three consecutive weeks. Significant efforts continue with regard to refined products to ensure no shortages during the upcoming winter months.

Speaking with One Voice-Fuel Import Issue: There have been several media reports about the charges that KBR is over charging the government. The following background is provided to help all employees understand this complex issue.

Background. Since April 2003 the U. S. Army Corps of Engineers, operating in conjunction with its contractor, Kellogg, Brown and Root (KBR) and the Iraq Ministry of Oil (MOO) and its 14 operating companies have been working collaboratively to restore the Iraqi oil infrastructure to a sustainable prewar production capacity. In general, this effort includes the restoration of production facilities (bringing crude oil out of the ground), refining facilities (refining crude oil into fuel oil, diesel, kerosene, gasoline, propane, butane, lubricating oils and other products), and distribution facilities (pipelines, wholesale and retail facilities).

These efforts are progressing well, but even in the best of circumstances, the Iraqi refineries do not produce enough of key refined products to meet the domestic needs of the country. There was a substantial gasoline shortage during the summer months from late April to mid June of this year. These shortages created long gasoline lines that represented a difficult social and security threat to the CPA and the military forces responsible for security in the post-war environment.

The CPA and the military command directed the Corps to relieve this problem as quickly as possible. We informally contacted the Defense Logistics Agency (DLA) to see if they had contracts in place that could satisfy this large requirement and were told they did not.

The Corps subsequently directed KBR to import targeted amounts of gasoline. KBR then solicited suppliers on the open market in accordance with the Defense Federal Acquisition Regulations to supply the needed fuel. In a series of solicitations KBR initially was able to locate two contractors who were able to provide gasoline: one in Turkey and one in Kuwait. The contractor originating deliveries in Turkey proposed the lowest price. It is important to note that neither contractor, nor both together, could provide all of the fuel desired. The limiting factor was, and remains, the availability of trucks to import the fuel.

KBR was directed to proceed with both contracts for three reasons: (1) The Corps required all of the fuel that both contractors could supply, (2) under the circumstances it was desirable to have multiple sources of fuel in case one could not deliver and (3) the drive time from Kuwait to Baghdad was less and the turnaround time for the convoys was an key variable in how

much fuel could be delivered. The fuel was loaded at sites in Kuwait City and Turkey and then trucked across the borders into designated download points in Iraq.

The trucks had to be organized into convoys and then escorted, by military escorts from the border to the download sites. The convoys often took two to three times the normal driving time due to changes in the security escorts and other security requirements. By way of example, a convoy of 40 trucks typically required 8 days to deliver fuel from Kuwait City to Baghdad and to return for the next load. The suppliers experienced some attrition in trucks due to mechanical problems, black market activity and terrorist actions. These facts all affect the price that must be paid to lease the trucks.

All of that background will help you understand the issue, but it doesn't explain the question in the media about why KBR was charging \$2.65 per gallon of gasoline. KBR, advertised for the delivery of fuel in accordance with the FAR and selected the contractors that could meet the requirements of the contract at the least cost. The cost was high because the contract period was short and the cost of delivery and the risk were high. As noted above, the Corps elected to execute this contract along with others to insure multiple sources of fuel. More importantly however, the \$2.65/gal was the cost of delivered fuel for one specific contract in Kuwait; it was not the average cost for all fuel delivered.

The weighted average cost of delivered fuel is actually \$1.60/gal when computed over all contracts and all fuel delivered. To be fair to KBR and the government in this instance, it is much more appropriate to quote the average cost of delivered fuel than to pick out the cost on one specific contract.

Welcome: Brenda Tschoerner from the Granger Lake office in SWF has agreed to join the FEST Rear starting 12 November for 120 days to help with time and attendance, travel, and all the other many activities required to support the FEST. She replaces Dan Zinanti. Please join me in welcoming Brenda! We've decided to add another person to the FEST Rear administrative support team so that we will have Jim Fields, Brenda Tschoerner, and eventually a third person to help keep up with the workload. We have several people interested, but have not yet firmed anything up.

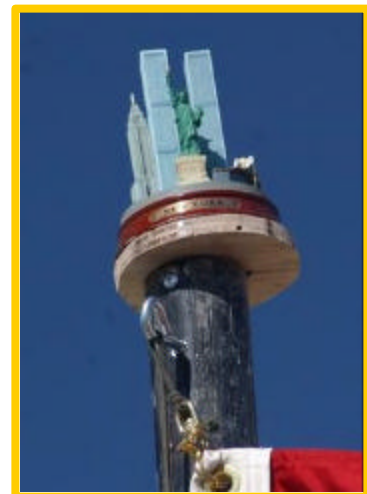
Corps Flag at TF-RIO Southern Area Office: Rich Bulvid, New



York District, Mike Bishop and Wayne Stroupe (both ERDC) erected a flag pole and hung the Corps flag at the TF RIO Southern Area Office trailer. One of Rich's New York City friends sent him a New York City memento that included the twin towers of the World Trade Center and the Statue of Liberty. They attached this souvenir to the pole as the cap.

This is not the first Corps flag Wayne Stroupe has personally deployed in his career. Wayne made sure a Corps flag was flying in the cubicle used by Corps Public Affairs folks at the World Trade Center disaster recovery office collocated

with FEMA in September 2001.



Historians Visit Iraq, Kuwait and Afghanistan. In July and August 2003, two historians from the Office of History traveled to Kuwait, Iraq and Afghanistan to document the Corps of Engineers support for combat and reconstruction operations. The team conducted 75 oral history interviews from a cross section of USCE personnel

What follows is a list of observations gleaned from those interviews. These were common themes and experiences heard echoed from a wide variety of Corps personnel.

Reasons for Volunteering

Corps Personnel said they volunteered for duty in SWA for a variety of reasons. The most common factor was a sense of duty and patriotism followed by, in descending order:

- ?? thirst for adventure
- ?? the accelerated pace and increased levels of responsibility Corps personnel were able to exercise in emergency operations
- ?? the opportunity to make more money

Training

Many of the civilians thought their training before arriving in theater was inadequate, notably in:

- ?? Convoy procedures
- ?? Communications procedures
- ?? Navigation (map reading and GPS)
- ?? First aid

Living Conditions

Without exception, both military and civilian personnel said living conditions were better than expected.

Civilians in a Military Environment

There was the inevitable adjustment for civilians working in an operational environment, but it did not appear to be a serious problem. We did note that civilians with prior military service had a much easier time adapting to the military environment.

"HOOAH!!"

MICHAEL L. SCHULTZ, COLONEL, EN
Acting Commander,
Southwestern Division